

Blueprint Maryland

THE STATE'S HOUSING ECONOMY IN REVIEW ISSUE 11 VOLUME 1

Homeownership Growth in Maryland Counties

The Maryland homeownership rate has continued its upward trend over the past few years. The overall rate increased from 69.9 percent in 2000 to 71.6 percent in 2003, representing an annual average growth rate of 0.57 percentage points.

The homeownership rate among white households increased at an annual average rate of 0.72 percentage points to 77.5 percent in 2003. The minority homeownership rate also grew, albeit at a somewhat slower pace of 0.5 percentage points, reaching 53.6 percent in 2003.

According to Maryland Department of Housing and Community Development projections, the State's homeownership rate will continue to increase during the next 10 years. Fannie Mae anticipates that the minor-

ity homeownership rate will soar nationally from 49.5 percent in 2003 to at least 55 percent by 2014, a rise of 5.5 percentage points. Using Fannie Mae's projections, the homeownership rates for both white and minority households are assumed to increase by a full 5 percentage points reaching 58.6 and 82.5 percent in 2014, respectively. The overall homeownership rate in Maryland is projected to increase from 71.6 percent in 2003 to 76.6 percent in 2014. (See Chart A on page 2.)

The projected growth will occur in all Maryland counties and Baltimore City. Calvert County will achieve the highest rate of homeownership for both white households (93.4 percent) and minority households (83 percent). The overall homeownership rate in Calvert County is projected to reach 91.9 percent by 2014. Baltimore City and Washington

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National Economic Digest

Moderate Economic Growth

The real gross domestic product rose at a 3.7 percent annualized rate in the third quarter of 2004, compared to a 3.3 percent growth rate in the second quarter. The key drivers of growth were a 4.6 percent advance in consumer spending, a 14.9 percent jump in capital equipment spending, a 1.5 percent growth in government expenditures, and a 3.1 percent increase in residential investment.

The rise in consumer spending was due to a strong rebound in July, following a particularly weak June, and an incentive driven jump in September in vehicle sales that resulted in 16.8 percent growth in durable goods

expenditures. Spending on non-durable goods rose 3.9 percent, while spending on services increased 2.7 percent. The jump in the capital equipment spending occurred due to healthy corporate balance sheets, favorable financial conditions, high returns to investment, and the expiration of depreciation benefits early next year. Investment in structures however, advanced only 1.4 percent in this quarter following a 6.9 percent gain in the second quarter.

Inflation moderated markedly in this quarter compared to the first half of 2004 as the Personal Consumer Expenditure (PCE) deflator was up just 1.1 percent in the third quarter, down from 2.1 percent rise in the second quarter. The

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Maryland Department of Housing
and Community Development

Blueprint Maryland is published
monthly by the Maryland
Department of Housing and
Community Development
www.blueprintmaryland.com



I'm pleased to announce that Maryland was recently honored with two awards from the National Council of State Housing Agencies (NCSHA). The first award was given to Maryland's Public Housing Securitization Program, which raised more than \$94 million in bond proceeds to help finance the renovation of 18,000 affordable housing units. The second award was given to this newsletter, *Blueprint Maryland*, for excellence in communications. I'm proud that an organization of NCSHA's stature recognizes Maryland as a national leader in housing policy. These awards highlight our innovations and ongoing efforts to meet the demand for workforce and affordable housing.

— ROBERT L. EHRlich, JR., Governor, State of Maryland

**Chart A:
Homeownership Rate
in Maryland
Projections to 2014**

Household Type	2003	2014
White	77.5%	82.5%
Minority	53.6%	59.1%
African-American	52.7%	58.2%
Hispanic	55.1%	60.6%
All Races	71.6%	76.6%

Sources: U.S. Census Bureau and Maryland Department of Housing and Community Development, Office of Research

...Homeownership Growth from cover

County, on the other hand, are projected to achieve the lowest homeownership rates for white households at 68.1 percent, and minority households at 37.5 percent. (See Chart B below.)

The projected increase in homeownership will significantly boost the number of low- to moderate-income homeowners in Maryland. Between 2005 and 2014, a total of 152,400 households, including 92,300 minority families, are projected to attain homeownership. Of this total, about 52,300 low-income families earning less

than 80 percent of Area Median Income (AMI), including 34,900 minority households, will become homeowners by 2014. Finally, excluding future homeownership through federally subsidized mortgage loans, about 42,700 low-income households earning less than 80 percent of AMI, including 27,900 minority families, will attain homeownership by 2014. (See Chart C below.) ■

Maryland's minority and white homeownership rates are projected to increase by a full 5 percentage points—reaching 58.6 percent and 82.5 percent in 2014, respectively. The State's overall homeownership rate is projected to increase from 71.6 percent in 2003 to 76.6 percent in 2014.

Chart B: Homeownership Rate by Race in Maryland

County	2003			2014		
	All Races	White	Minority	All Races	White	Minority
Allegany	71.8%	72.6%	48.3%	76.8%	77.6%	53.3%
Anne Arundel	77.2%	81.3%	56.7%	82.2%	86.3%	61.7%
Baltimore	69.3%	75.1%	50.2%	74.3%	80.1%	55.2%
Baltimore City	52.0%	63.1%	45.5%	57.0%	68.1%	50.5%
Calvert	86.9%	88.4%	78.0%	91.9%	93.4%	83.0%
Caroline	75.7%	81.2%	50.2%	80.7%	86.2%	55.2%
Carroll	83.7%	84.2%	69.8%	88.7%	89.2%	74.8%
Cecil	76.6%	78.2%	52.7%	81.6%	83.2%	57.7%
Charles	79.9%	83.6%	70.7%	84.9%	88.6%	75.7%
Dorchester	71.8%	81.5%	47.2%	76.8%	86.5%	52.2%
Frederick	77.5%	80.2%	52.5%	82.5%	85.2%	57.5%
Garrett	79.6%	79.8%	63.8%	84.6%	84.8%	68.8%
Harford	79.7%	82.9%	57.1%	84.7%	87.9%	62.1%
Howard	75.5%	80.2%	60.8%	80.5%	85.2%	65.8%
Kent	72.0%	74.6%	60.6%	77.0%	79.6%	65.6%
Montgomery	70.4%	78.7%	54.1%	75.4%	83.7%	59.1%
Prince George's	63.5%	76.0%	58.5%	68.5%	81.0%	63.5%
Queen Anne's	84.9%	86.9%	68.5%	89.9%	91.9%	73.5%
Somerset	71.4%	80.4%	52.4%	76.4%	85.4%	57.4%
St. Mary's	73.5%	77.2%	56.2%	78.5%	82.2%	61.2%
Talbot	73.3%	78.5%	47.1%	78.3%	83.5%	52.1%
Washington	67.3%	69.5%	32.5%	72.3%	74.5%	37.5%
Wicomico	68.2%	76.2%	44.4%	73.2%	81.2%	49.4%
Worcester	76.7%	80.8%	54.8%	81.7%	85.8%	59.8%
Maryland	71.6%	77.5%	53.6%	76.6%	82.5%	58.6%

Sources: U.S. Census Bureau and Maryland Department of Housing and Community Development, Office of Research

**Chart C:
Homeownership Growth in Maryland
2005-2014**

Homeowner Type	Overall	Minority
All Households	152,400	92,300
Households Earning Less than 80% of AMI	52,300	34,900
Households Earning Less than 80% of AMI, Excluding Federally Subsidized Loans	42,700	27,900

Notes: Population projections for 2005 and 2014 are compiled from the U.S. Census Bureau. Household size is assumed to be 2.5 for white families and 3.2 for minority families.

Sources: U.S. Census Bureau, Home Mortgage Disclosure Act Database and Maryland Department of Housing and Community Development, Office of Research



...National Economic Digest from cover

core PCE index, the inflation index, followed closely by the Fed, rose at an even more modest 0.7 percent rate, down from the 1.7 percent rate increase in the second quarter.

Beige Book Points to an Expanding Economy

The Beige Book is a compilation of economic conditions from each of the 12 Federal Reserve regional districts. Data for the Beige Book is anecdotal and qualitative, rather than quantitative. The report is prepared at the Federal Reserve Bank of Chicago before the monetary policy meetings of the Federal Open Market Committee.

On balance, the tone of the most current Beige Book was fairly positive. The report indicated that economic activity continued to expand in September and early October. The report noted that growth has broadly improved in most of the Fed's 12 districts. Businesses posted increased expenditures across the board, with increases in capital spending and hiring activity. Nearly half of the districts said that demand for temporary help increased since the last Beige Book and permanent hiring has become more frequent, most notably in manufacturing.

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Construction Industry Trends

Construction Spending

Construction activity was unchanged in September, as the value of construction put in place remained virtually unchanged from August. In September, total private construction activity declined 0.1 percent as new single-family construction declined 0.8 percent due to hurricane activities which slowed down construction in several southeastern states. On the contrary, private non-residential construction was up 0.4 percent as construction activity on shopping malls jumped 30.7 percent. Public construction rose 0.3 percent though spending on highways and streets, nearly one third of the value of public construction spending, fell for the fifth consecutive month

NAHB Housing Market Index

The Housing Market Index (HMI) produced by National Association of Home Builders (NAHB) is a diffusion index based on a survey of builders. The index is a weighted average of three components: (1) present sale of new homes, (2) sale of new homes expected in the next six months, and (3) traffic of prospective buyers in new homes. A rating of 50 indicates that the number of positive or good responses received from the builders is about the same as the number of negative or poor responses.

The Composite Housing Market Index recovered in October from the prior month's decline, reflecting a pick up in builders' optimism. Historically, low mortgage rates and

a strengthening economy continue to bolster demand for new homes as the NAHB index rose to 72 in this month, the highest level in a year, with all three components of the index advancing. Specifically, the "six-month ahead single-family sales" index advanced sharply from 75 in September to 84 in October as builders are expecting conditions to be very strong six months from now. Current conditions also picked up as "present single-family sales" index increased from 73 to 78. The "traffic of potential buyers" index also advanced as it rose from 52 in September to 54 in October 2004.

MBA Mortgage Applications Survey

The Mortgage Bankers Association's (MBA) Mortgage Application Survey is a volatile leading indicator of home sales. The weekly survey accounts for more than 40 percent of all applications processed each week by mortgage lenders. During October, the MBA composite Mortgage Loan Applications Index declined 2.9 percent to 703.9 due to shrinking mortgage demand. The Purchase Applications Index declined 6 percent, while the Refinancing Index advanced 1 percent. Overall, mortgage demand for purchase and for refinancing remained elevated in October because of the declining and historically low mortgage rates. With the contract rate on a 30-year fixed mortgage falling by 14 basis points during October, refinancing still remains a profitable option. ■

Building permits issued in Maryland dropped 23.2 percent in September to 2,007 units. The weakness in permits was far due to a 55.6 percent drop in multifamily building permits as it declined to 357 units. Single-family permits authorized for privately-owned housing units declined 8.8 percent to 1,650 units.

Residential Building Permits, Starts and Completions

According to the U.S. Census Bureau, privately-owned building permits, an indicator of future new construction activity, declined 2.1 percent in September. Single-family permits declined 6 percent to 132,040 units, while multifamily permits rose sharply 13.4 percent to 40,820 units.

Nevertheless, despite this month's lackluster performance, single-family permits issued remained elevated as they were 3.7 percent above the corresponding figure for the same month last year. The multifamily permits issued were also up 14 percent in September compared to the previous year.

In September, single-family building permits issued declined sharply 7.6 percent in the South region, which includes Maryland, Delaware, Washington, D.C., Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida,

Alabama, Mississippi, Tennessee, Kentucky, Louisiana, Arkansas and Texas. This decline was due to the weak performance of both single-family and multifamily permits as they declined 8.3 percent and 4.7 percent, respectively. Compared to the same month last year, residential building permits issued in the South were up 4.6 percent, as single-family and multifamily permits increased 5.7 and 0.7 percent, respectively.

Building permits issued in Maryland dropped sharply by 23.2 in September to 2,007 units. The weakness in permits was by far due to a 55.6 percent decline in multifamily building permits as it dropped to 357 units. Single-family permits authorized for privately-owned housing units declined 8.8 percent to 1,650 units in September. Compared to last year, residential building permits issued for all units were down 8 percent, reflecting a sharp decline of 29 percent for multifamily units and a moderate slow down of 1.7

...continues on page 4





...Residential Building from page 3

percent in single-family structures.

Nationally, construction activity was also down, as housing starts declined 12.2 percent in September to 159,200 units. This month's drop in housing starts was due to a weakened single-family sector as it declined 15.7 percent to 126,900 units. On the contrary, multifamily construction continued its upward trend that started in mid-summer. Multifamily housing starts rose 4.9 percent in September to 32,300 units. The strength in multifamily construction appears to be driven by builders' speculation

that demands for rental units and apartments will pick up in the near future as the baby-boomer generation enters retirement age. Compared to the same month last year, both single-family and multifamily housing starts were down 4.3 and 5.6 percent, respectively.

In September, housing starts in the South declined 8.6 percent to 72,500 units due to a significant drop in single-family construction. Single-family construction was down 14.1 percent, while multifamily starts were up 20.3 percent. Compared to August 2003, residential housing starts were up 2.4 percent. This increase was due to multifamily construction as it was up 10.8 percent while single-family construction increased modestly 0.4 percent.

Housing starts in Maryland strengthened 16.6 percent to 2,454 units in September due to a sharp increase in multifamily construction. Across product types, single-family housing starts declined 8.8 percent to 1,650 units, while multifamily starts rose by 172.5 percent to 804 units. Compared to a year ago, housing starts were down by 1.7 percent for single-family units, but up 106.7 percent for multifamily structures.

The U.S. Census Bureau reported that in September, privately-owned housing completions declined 8.4 percent nationally. Single-family housing completions were up 2.4 percent, while multifamily completions dropped 45.8 percent. During the month of September, housing completions declined 4.8 percent in the South. Across product types, single-family completions were up 3.9 percent, while multifamily completions dropped by 37.4 percent. In Maryland, the number of housing units completed jumped by 38.5 percent to 1,874 units in September. The strength in Maryland was due to a 35.5 percent rise in single-family and a 50.8 percent rise in multifamily housing completions. Compared to the same month last year, housing completions were up 4.7 percent nationally and 5.4 percent in Maryland, but down 4.8 percent in the South.

Across Maryland, the value of housing permits in September declined 23 percent. Overall, just seven Maryland jurisdictions reported gains in the number and value of building permits issued, including Dorchester, Frederick, Howard, Queen Anne's, St. Mary's, Talbot and Washington counties. Statewide, the value of housing starts increased 16.6 percent. Strong housing starts were reported in Anne Arundel, Baltimore, Carroll, Dorchester, Frederick, Garrett, Montgomery, Queen Anne's, Talbot and Washington counties. The value of housing units completed in Maryland jumped 38 percent to \$310 million in September. Housing units completed were up in Baltimore City and Allegany, Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Cecil, Charles, Charles, Dorchester, Frederick, Howard, Kent, Queen Anne's, Somerset, Talbot and Washington counties. ■

Residential Construction

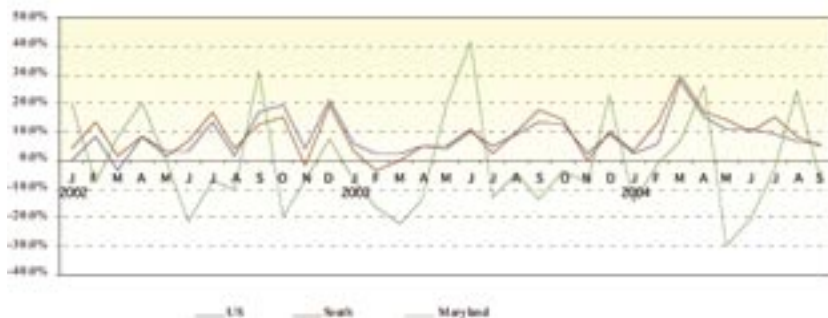
September 2004

County	PERMITS		STARTS		COMPLETIONS	
	Units	\$ Value ('000s)	Units	\$ Value ('000s)	Units	\$ Value ('000s)
Allegany	3	779	3	779	7	1,223
Anne Arundel	146	19,881	478	41,873	557	50,515
Baltimore	123	13,958	82	11,207	151	18,463
Baltimore City	7	957	81	5,927	11	1,434
Calvert	25	3,417	25	3,417	39	8,312
Caroline	10	2,304	10	2,304	15	2,282
Carroll	97	13,199	185	19,016	62	7,177
Cecil	55	8,790	61	8,554	104	13,277
Charles	103	18,799	103	18,800	73	13,098
Dorchester	92	12,352	44	6,602	30	4,124
Frederick	115	15,718	115	15,718	184	20,367
Garrett	30	5,375	33	5,975	28	5,439
Harford	140	18,465	128	17,665	75	10,303
Howard	121	13,580	79	10,797	144	18,772
Kent	10	1,675	10	1,675	20	2,993
Montgomery	310	36,261	378	38,543	320	27,219
Prince George's	154	20,857	154	20,856	116	44,435
Queen Anne's	17	3,691	17	3,691	36	5,102
Somerset	82	9,900	82	10,047	98	10,526
St. Mary's	21	2,165	16	1,267	19	1,564
Talbot	69	10,849	69	10,849	44	8,337
Washington	127	20,210	141	21,710	160	17,694
Wicomico	32	3,691	52	4,621	50	6,878
Worcester	118	13,743	108	12,828	65	10,841
Maryland	2,007	\$ 270,614	2,454	\$ 294,721	2,408	\$ 310,375

Source: U.S. Census Bureau & Maryland Department of Housing and Community Development

Residential Building Permits – All Units

Percent Change from Same Month Previous Year



Source: U.S. Census Bureau & Maryland Department of Housing and Community Development

Mortgage Rate Trends

The effective 30-year fixed mortgage rates—rates that account for variations in fees and points—dropped in October. From September to October, Freddie Mac's 30-year effective fixed mortgage rate declined from 5.83 percent to 5.78 percent nationally, and from 5.77 percent to 5.71 percent in the South.

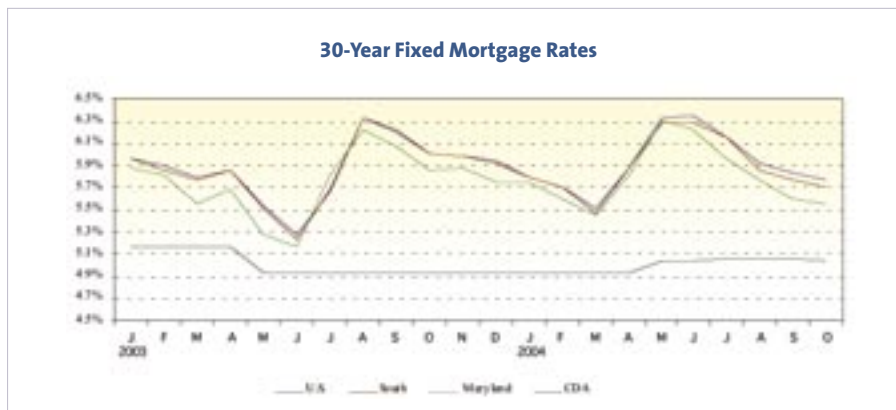
The 30-year fixed effective mortgage rate in Maryland also declined—from 5.59 percent in September to 5.56 percent in October. The Maryland commercial fixed mortgage rate is now 22 basis points below the national rate.

The effective mortgage rate of the Community Development Administration (CDA), an arm of the Maryland Department of Housing and Community Development, stands at 5.05 percent. The CDA's Maryland Mortgage Program (www.morehouse4less.com) provides low-interest mortgage loans to eligible home-

buyers with low- to moderate-income households through private lending institutions throughout the State. The program began in 1980 and is targeted primarily to first-time homebuyers. The CDA's effective rate is now 73 basis points below the average effective commercial mortgage rates in Maryland. ■



Source: Freddie Mac & Maryland Department of Housing and Community Development



Home Sale Trends

New Homes

According to the U.S. Census Bureau, single-family new home sales declined nationally 11.4 percent in September to 93,000 units. Compared to September 2003, the median price of new homes went up 3.1 percent to \$202,911. The slow down in the pace of new home sales drove the inventories of new homes slightly up to 4.2 months compared to last September's 3.8 months.

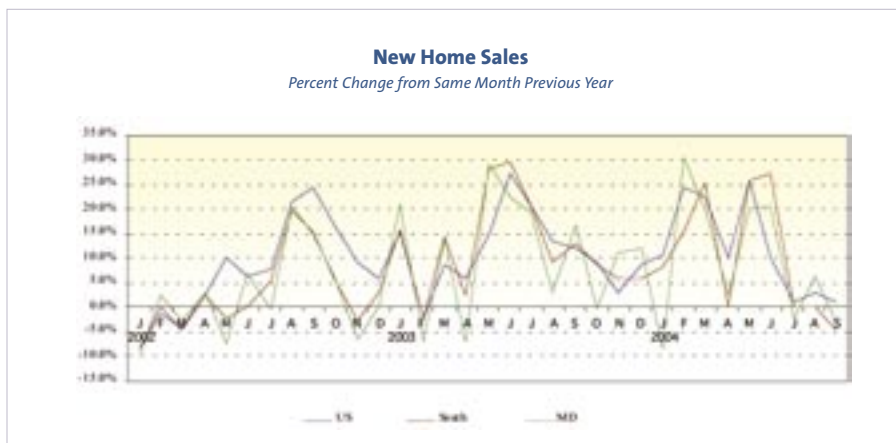
Following the national trend, new home sales also declined in the South and in Maryland by 12.8 and 8.6 percent, respectively. As a result, new home sales declined to 1,577 units in Maryland. Compared to the previous year, new home sales were up 1.1 percent nationally, but down 4.7 percent in the South and 3.1 percent in Maryland.

Existing Homes

Nationally, the pace of existing home sales slowed down in September as it dropped 15 percent from the previous month, reaching 561,000 units. However, the inventory of homes available for sale dropped to 4.4 months compared to 4.5 months in August. Compared to September 2003, existing home sales were up 0.4 percent resulting in an increase of 8.6 percent in median home price to \$186,600.

In September, the volume of existing home sales in the South dropped 19.4 percent to 224,000 units. Compared to a year ago, existing home sales were down 0.4 percent in

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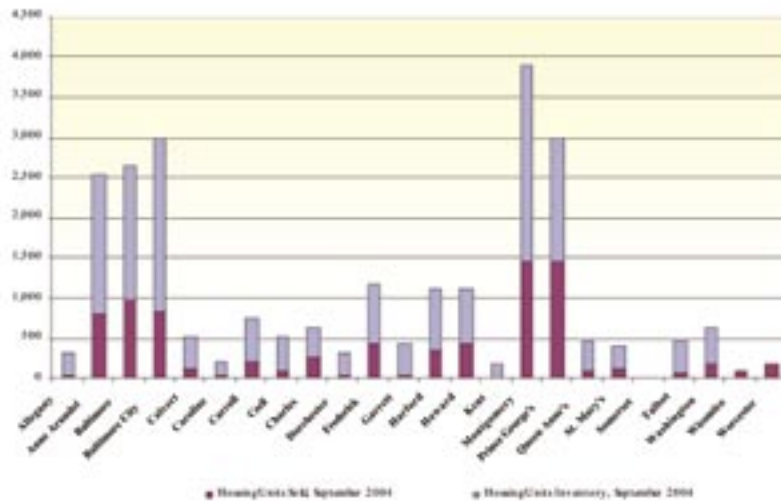
Source: U.S. Census Bureau & Maryland Department of Housing and Community Development



Source: U.S. Census Bureau & Maryland Association of Realtors

Real Estate Transactions

September 2004



Source: Maryland Association of Realtors

...Home Sale Trends from page 5

this region. The median home price, however, jumped 8.6 percent to \$186,600.

Sales of existing homes in September also took a nose dive in Maryland, declining 15.6 percent to 8,615 units compared to the previous month. Compared to a year ago, sales were up 1.1 percent in Maryland causing a 19.4 percent increase in the median sale price to \$242,230.

In September, the inventory of housing units available for sale totaled 16,325 units statewide, up 1.4 percent from August, and up 1 percent from the previous year. A total of 8,615 housing units were sold in Maryland, up 1.1 percent from last year but down 15.6 percent from the previous month. The number of units sold represents 52.5 percent of Maryland's available inventory. The largest inventory of existing homes was in Montgomery County, where 2,423 houses were available and 1,480 were sold, equal to 61.1 percent of the inventory. The smallest inventory was in Kent County, where 158 houses were offered and 26 units were sold, about 16.5 percent of the inventory. Montgomery County, with 1,480 units, and Kent County, with 26 units, had the highest and lowest numbers of home sales in Maryland. Complete data is not available for Somerset, Wicomico and Worcester counties. ■

Nationally, the pace of existing home sales slowed down in September as it dropped 15 percent from the previous month, reaching 561,000 units. However, the inventory of homes available for sale dropped to 4.4 months compared to 4.5 months in August.

Housing Units Sold and Housing Units Inventory

September 2004

County	Housing Units Sold			Housing Units Inventory		
	Current Month	Change From Last Year	Change From Last Month	Current Month	Change From Last Year	Change From Last Month
Allegany	50	-10.7%	-29.6%	274	-14.6%	1.9%
Anne Arundel	803	-0.1%	-17.6%	1,739	6.0%	2.6%
Baltimore	984	-4.0%	-17.1%	1,681	-0.8%	2.0%
Baltimore City	841	0.1%	-20.7%	2,151	-11.9%	4.6%
Calvert	138	-10.4%	-23.3%	383	37.3%	1.1%
Caroline	43	48.3%	-12.2%	189	-10.0%	4.4%
Carroll	218	14.7%	-15.8%	547	15.2%	4.0%
Cecil	120	0.0%	-19.5%	424	25.1%	1.9%
Charles	280	19.1%	-10.8%	379	19.9%	1.3%
Dorchester	57	72.7%	-1.7%	284	19.8%	3.3%
Frederick	439	2.1%	-13.9%	755	-2.3%	5.3%
Garrett	40	2.6%	-36.5%	420	29.2%	-1.4%
Harford	371	2.5%	-13.5%	770	29.2%	0.8%
Howard	446	-2.6%	-19.2%	676	13.2%	-5.2%
Kent	26	-33.3%	-29.7%	158	11.3%	-12.2%
Montgomery	1,480	0.5%	-22.0%	2,423	10.5%	4.2%
Prince George's	1,458	3.0%	-3.0%	1,544	-24.7%	-4.5%
Queen Anne's	93	2.2%	-5.1%	374	2.5%	1.4%
St. Mary's	147	2.8%	-1.3%	270	16.4%	-3.9%
Somerset	21	10.5%	-30.0%	0	0.0%	0.0%
Talbot	75	8.7%	-17.6%	414	2.7%	-0.5%
Washington	181	-1.6%	-0.5%	470	-11.2%	0.6%
Wicomico	103	14.4%	-17.6%	0	0.0%	0.0%
Worcester	201	-9.5%	-15.2%	0	0.0%	0.0%
Maryland	8,615	1.1%	-15.6%	16,325	1.0%	1.4%

Source: Maryland Association of Realtors



Homeownership Affordability Indices

The Maryland Homeownership Affordability Indices for repeat and first-time homebuyers provide a framework within which housing affordability in Maryland counties and Baltimore City can be traced over time.

In September, the Maryland Affordability Index for repeat buyers was 117, signifying the ability of a typical repeat buyer to afford a house that is 17 percent more expensive than a median priced home. The September index for first-time buyers stood at 79, indicating that the typical first-time buyer could only afford a home priced 21 percent below the median priced home available to first-time buyers. Homebuyers' ability to buy a median priced home in Maryland increased in September as the statewide index was up 5.2 percent from the previous month. The increase in the affordability indices resulted from a decrease of house prices along with a drop in interest rates. The median sale price of existing homes available to repeat buyers

and first-time buyers in Maryland decreased 3.5 percent to \$242,230 and \$205,896, respectively, in September compared to the previous month. Effective 30-year mortgage rates dropped from 5.77 percent in August to 5.59 percent in September.

Across the State, Queen Anne's County had the highest median housing price of \$360,000 for repeat buyers and \$306,000 for first-time buyers, up 38.5 percent from a year ago and 16.3 percent from the previous month. Garrett County was the least affordable jurisdiction, with affordability indices of 71 for repeat buyers and 48 for first-time buyers. The median housing prices in September were \$217,500 for repeat buyers and \$184,875 for first-time buyers. Allegany County, with the housing affordability indices of 281 for repeat home buyers and 191 for first-timers, was the most affordable jurisdiction in Maryland. The median housing prices in September were \$56,750 for repeat buyers and \$48,238 for first-time buyers. ■



Home Sale Prices and Affordability Indices

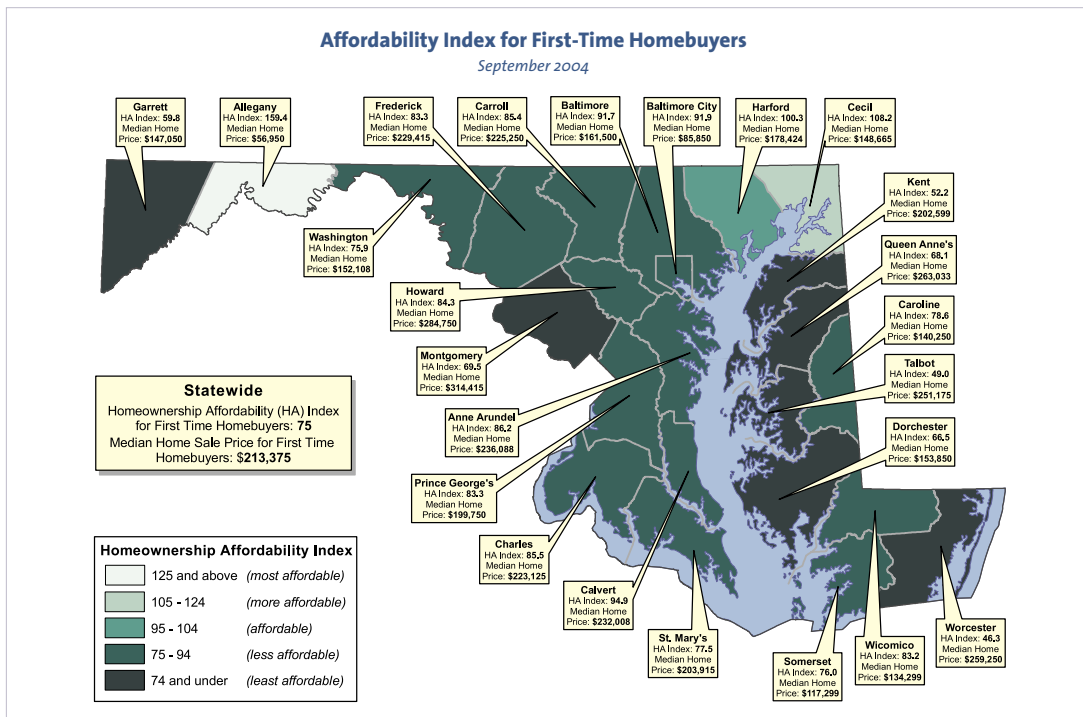
September 2004

County	MEDIAN HOME SALE PRICES				HOUSING AFFORDABILITY INDICES			
	Current Month		% Change From		Current Month		% Change From	
	Repeat Buyers	First Time Buyers	Last Year	Last Month	Repeat Buyers	First Time Buyers	Last Year	Last Month
Allegany	\$ 56,750	\$ 48,238	-22.0%	-15.3%	281	191	36.8%	19.8%
Anne Arundel	269,900	229,415	23.8%	-2.8%	132	90	-13.3%	4.4%
Baltimore	194,450	165,283	25.5%	2.3%	134	91	-15.0%	-0.9%
Baltimore City	87,500	74,375	19.9%	-13.4%	158	108	-11.8%	17.1%
Calvert	253,450	215,433	9.0%	-7.1%	153	104	-1.4%	9.3%
Caroline	185,000	157,250	56.8%	12.1%	105	71	-32.2%	-9.5%
Carroll	279,500	237,575	20.0%	5.5%	121	82	-10.7%	-3.8%
Cecil	192,500	163,625	16.7%	10.1%	147	100	-8.1%	-7.8%
Charles	256,700	218,195	30.6%	-2.2%	131	89	-18.3%	3.8%
Dorchester	195,000	165,750	52.3%	7.7%	92	63	-30.0%	-5.8%
Frederick	254,900	216,665	24.3%	-5.6%	132	89	-13.8%	7.4%
Garrett	217,500	184,875	-1.1%	25.7%	71	48	7.2%	-19.3%
Harford	198,000	168,300	19.6%	-5.7%	159	108	-10.5%	7.6%
Howard	321,718	273,460	21.7%	-4.0%	131	89	-11.8%	5.7%
Kent	227,400	193,290	3.8%	-4.6%	82	56	2.0%	6.4%
Montgomery	359,975	305,979	18.5%	-2.7%	107	72	-9.9%	4.3%
Prince George's	240,000	204,000	26.3%	2.1%	122	83	-15.5%	-0.6%
Queen Anne's	360,000	306,000	38.5%	16.3%	87	59	-22.8%	-12.8%
St. Mary's	245,000	208,250	24.4%	2.1%	113	77	-14.3%	-0.6%
Somerset	119,999	101,999	60.0%	-13.0%	130	89	-33.3%	16.7%
Talbot	295,000	250,750	8.7%	-0.2%	73	50	-2.2%	1.6%
Washington	170,500	144,925	7.9%	-4.7%	119	81	-1.5%	6.5%
Wicomico	149,000	126,650	10.4%	-5.7%	132	90	-3.5%	7.6%
Worcester	265,000	225,250	0.4%	-13.1%	80	54	6.4%	16.8%
Maryland	\$ 242,230	\$ 205,896	19.4%	-3.5%	117	79	-10.6%	5.2%

Source: Maryland Department of Housing and Community Development

August's improvement in the affordability indices resulted from a small decrease in house prices, as the median sale price of existing homes available to repeat buyers and first-time buyers in Maryland decreased 0.3 percent to \$251,030 and \$213,376, respectively, and from a drop in effective 30-year mortgage rates.

...Homeownership Affordability Indices continues on back cover



The Beige Book reported that residential real estate activity remained robust in most districts while non-residential activity was still relatively weak across the nation. House price appreciation continues to grow across the nation while household loan demand softened moderately. The book also stated that in general, wage pressures remained stable but firm across the nation and expressed concern about higher input costs, particularly for energy and petroleum-based products, metals and construction materials (e.g., concrete and lumber). As a result, three broad industry categories were disproportionately affected by these increases: transportation, manufacturing and construction. The report suggested that trucking firms were able to pass along most, if not all, of the cost increases to their customers. Manufacturing firms had little success in passing along higher materials costs, and builders had to absorb the higher input costs as they were unable to pass along at least some of these increases to homebuyers.

The Chicago Fed's National Activity Index (CFNAI), a weighted average of 85 indicators of national economic activity, is constructed to have an average value of zero and a standard deviation of one. A zero value for the index indicates that the national economy is expanding at its historical trend rate of growth; negative values are associated with below-trend growth, while positive values indicate above trend growth. The Chicago Fed National Activities Index was at -0.01 in September, indicating a slowdown in economic activity due mainly to high energy costs. The employment-related indicator, marking at -0.09, was the

most significant factor contributing to the index's decline. Production made a smaller negative contribution of -0.05, while consumption and housing contributions were positive, marking at +0.07.

Consumer Confidence Down

The Conference Board Index of Consumer Confidence fell nearly four points to 92.8 in October from 96.7 in August. The decline was led by the expectations component of the index as consumers' expectations of business conditions, employment and income all fell in this month. Buying plans for autos jumped sharply while buying plans for homes and appliances fell sharply. The present conditions component of the index fell slightly as declining assessments of business conditions were partially offset by improved assessments of labor market conditions. Fundamentals seem consistent with weak confidence. High energy prices are a clear drag, gasoline prices are threatening to reach new record highs, and the stock market is little changed from where it started the year.

The Michigan Consumer Sentiment Index also declined to 91.7 in October from September's 94.2, due to rising gasoline and energy prices and disappointing job gains. The consumers' assessment of the outlook dropped this month as they became overly concerned about the disappointing job growth and the recent stock market instability. On the contrary, consumers' views of current conditions increased marginally from September possibly because of the continuing decline in claims for unemployment insurance. ■



Maryland Department of Housing and Community Development

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Blueprint Maryland is published monthly by the Maryland Department of Housing and Community Development.
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